

BDAC FINANCE WORK GROUP

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Meeting Summary

April 30, 1997

Status Updates

Information reports were provided on the status of the federal funding effort and the State/Federal Cost Sharing Agreement. The Senate hearing raised some pointed questions about the funding request, primarily in the area of the types of projects to be funded. There were no California senators in attendance. The House hearing, which had been delayed, included many questions regarding the impacts on land uses in the Delta. The cost sharing agreement is in draft form and will be circulated to stakeholders in the future for review and comment.

Discussion of Allocation Approach

The balance of the meeting was spent in discussion of the "Follow the Water" approach to cost allocation. This concept, presented by Eric Hasseltine, suggests that the costs of the Bay-Delta solution might be allocated based on the amount of water used by each sector relative to the total inflow to the Delta. The underlying rationale for this approach is that the crux of the Bay-Delta problem is water resource allocation. Using water resource consumption as a basis for cost allocation may be reasonable.

The group offered extensive comments and raised a number of considerations that would have to be accounted for in using this type of approach. A summary of the salient comments is provided below:

- The greatest attractiveness of the approach is its simplicity and intuitive appeal. It would be easier to grasp than complex cost allocation schemes.
- The geographic scope of the water used and the total water inflow would have to be large enough to encompass upstream users and diverters as well as those in the Delta.
- Coordination with groundwater usage could be an important, although difficult, factor.
- The methodology could allow a number of important items to be factored in, including time value of water.
- Similar concepts have been suggested in the past, including the D1630 concept, that have been difficult to implement. There is some similarity to the Delta Water Charge for the State Water Project.

Attendance

Eric Hasseltine
Roberta Borgonovo
Rosemary Kamei
Bob Raab
David Yardas
Robin Reynolds

Ray Hoagland
Arnold Rummelsburg
Craig Stroh
Lora Steere
Dennis O'Connor
Marni Buchanan

Amy Fowler
Randall Neudeck
Lloyd Fryer
Earl Nelson